
FORM OF
~~STOCK RESTRICTIONS~~ TRANSFER, GRANT AND LOAN AGREEMENT

by and among

PREMERA,
a Washington nonprofit miscellaneous corporation,

PREMERA BLUE CROSS,
a Washington nonprofit corporation,

NEW PREMERA CORP.,
a Washington corporation,

and

the [**Washington** Foundation Shareholder],
a Washington nonprofit corporation,

and

the [Alaska Health Foundation],
an Alaska nonprofit corporation

Dated as of [], ~~2001~~ **2004**

~~STOCK RESTRICTIONS~~TRANSFER, GRANT AND LOAN AGREEMENT

This ~~Stock Restrictions~~Transfer, Grant and Loan Agreement (the "Agreement") is made and entered into by and among PREMERA, a Washington nonprofit miscellaneous corporation; ~~[New PREMERA ("PREMERA"); Premera Blue Cross, a Washington nonprofit corporation ("PBC"); [New PREMERA Corp.], a Washington corporation; and [Foundation Shareholder], a Washington nonprofit corporation (the "Foundation" ("New PREMERA Corp."); and [Washington Foundation Shareholder], a Washington nonprofit corporation ("Washington Foundation Shareholder"), and [Alaska Health Foundation], an Alaska nonprofit corporation ("Alaska Health Foundation") (individually a "Foundation" and collectively, the "Foundations")].~~

RECITALS

WHEREAS, the Members of PREMERA (the "Members") adopted amendments to PREMERA's articles of incorporation that, among other things, provide that the ~~Foundation~~is Foundations will be PREMERA's sole voting ~~member~~members (the "Amendments"); and

WHEREAS, the Members adopted the Amendments in anticipation of the execution of (a) the transaction documents set forth in Exhibit A, which is attached hereto and incorporated by this reference herein (collectively, the "Transaction Documents"); (b) ~~that certain Acknowledgement and Consent of [Foundation Shareholder]~~the Acknowledgements and Consents of the Foundations, executed on _____, ~~200—2004~~ (the "~~Consent~~Consents"); and (~~bc~~) this Agreement; and

WHEREAS, the ~~Foundation's~~Foundations' membership rights pursuant to the terms of the Amendments include the right, subject to certain conditions, to receive PREMERA's assets upon consummation of a series of transactions contemplated by the Plan of Conversion on its dissolution; and

WHEREAS, contemporaneously with the execution of this Agreement, PREMERA will take all actions and execute all documents necessary to effect its dissolution in connection with and as part of the Plan of Conversion; and

WHEREAS, as a result of such series of transactions as contemplated in the Plan of Conversion including the dissolution of PREMERA, ~~the~~each Foundation will acquire a share of PREMERA's assets, which ~~include~~in the aggregate consist of [] shares of ~~[New PREMERA Corp.'s]~~ common stock, ~~[—]~~no par value per share (the "Common Stock"), representing collectively 100% of the issued and outstanding shares of the Common Stock at the time of PREMERA's dissolution; and

WHEREAS, subject to each Foundation's Articles of Incorporation, Bylaws and the Transaction Documents, each of Alaska Health Foundation and the Washington Foundation Shareholder have power to manage, control and dispose their respective shares of the Common Stock; and

WHEREAS, ~~the~~each Foundation ~~agreed~~acknowledges, pursuant to the Consent and Plan of Distribution, that any assets ~~it received~~each receives on PREMERA's dissolution are subject to certain limitations; ~~and~~

WHEREAS, ~~the~~each Foundation hereby acknowledges that receipt of the Common Stock is contingent upon its acknowledgement that the Common Stock and any income and proceeds generated thereon, as invested and reinvested, are subject to the conditions, restrictions and limitations on future use contained herein; and

WHEREAS, PBC has agreed to make certain grants and loans to the Foundations to assist with Foundation expenses prior to their receipt and sale of the Common Stock;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

COMMON STOCK, COMMON STOCK PROCEEDS **EXPENDITURE OF PROCEEDS**

Section 1.01. Receipt, Holding, and Disposition of Common Stock. The Foundations will receive their respective Common Stock on dissolution of PREMERA as part of the Plan of Conversion. Each of the Foundations has certain obligations to divest the Common Stock over time as provided in the Voting Trust and Divestiture Agreement between each Foundation, New PREMERA, and the Trustee thereunder. Other than as provided in the divestiture provisions of such Voting Trust and Divestiture Agreements, there is no other obligation as to the timing of decisions to sell the Common Stock and the transfer of the Common Stock to the Foundations is made with the understanding that the Foundations and their respective boards of directors are not required to take actions and make decisions as to the timing and amounts of sales of the Common Stock to comply with diversification provisions in RCW 11.100.020.

Section 1.02. Permissible Purposes. ~~The~~Each Foundation hereby acknowledges and agrees that the proceeds from the sale of the Common Stock and any amounts generated by such proceeds, including without limitation investment income as such proceeds are invested and reinvested ("Common Stock Proceeds") may be expended, transferred or used solely to promote the health of the residents of the ~~states~~States of Washington and Alaska by: making grants or gifts to one or more nonprofit organizations recognized as exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and which organizations commit in writing to hold and use such gifts and grants exclusively to accomplish the purposes described in the subsections below; provided, however, that in no event will Common Stock Proceeds be used for the Impermissible Purposes set out in Section 1.03 of this Agreement.

Section 1.02.1. Washington Foundation Shareholder Purposes. Subject to the applicable provisions under Section 501(a) of the Code and the regulations thereunder, the Washington Foundation Shareholder's specific purposes are to promote the health of the residents of the State of Washington by:

- (a) improving health education and awareness;
- (b) improving the quality of health care and access to health care and related services;
- (c) addressing the unmet health care needs of low-income ~~uninsured and underinsured~~ populations;
- (d) supporting the education of health care providers ~~to increase the number of active physicians, including specialists, and nurses in medically underserved areas;~~
- (e) supporting programs aiming to (i) make health care delivery more comprehensive and flexible, and (ii) ~~develop and promote the most efficient uses of health care facilities, resources and services;~~
- (f) supporting community-based and culturally competent programs that may address one or more of the foregoing purposes;
- (g) conducting health policy research and analysis for the development of health policy that will promote systemic change in the programs and activities related to the foregoing purposes; and
- (h) ~~providing grants and establishing programs to carry out such purposes.~~

~~*[Purposes to be finalized after further discussion between PREMERA and state officials, taking into account input from interested members of the community.]*~~

Section 1.02.2. Alaska Health Foundation Purposes. Subject to the applicable provisions of Section 501(a) of the Code and the regulations thereunder, the Alaska Health Foundation's specific purposes are to promote the health of the residents of the State of Alaska by:

- (a) improving the availability of quality, affordable health care and related services;
- (b) addressing the unmet health ~~care~~ needs of ~~uninsured and underinsured~~ populations; Alaskans;
- (c) supporting the education and availability of health care providers ~~to increase the number of active physician and non-physician providers in Alaska~~ and developing more efficient and effective models for promoting health ~~care delivery models; in the state;~~

(d) supporting programs of ~~medical, surgical~~study and ~~other scientific~~ research aiming to ~~(i) make health care delivery~~and wellness resources more comprehensive ~~and~~, flexible, and ~~(ii) develop and promote the most efficient uses of health care facilities, resources and services;~~efficient within Alaska;

~~(e)~~ ~~(e)~~ supporting initiatives to address short and long-term public health ~~care~~ needs and concerns; and

~~(f)~~

~~(g)~~ ~~(f)~~ ~~providing grants and establishing programs to carry out such purposes;~~
and

~~(h)~~ ~~(g)~~ otherwise serving the health ~~care~~ needs of residents of the ~~states~~State of ~~Washington and~~ Alaska;

~~provided, however, that in no event will Common Stock Proceeds be used for the Impermissible Purposes set out in Section 1.02 of this Agreement.~~

It is the intent of the Alaska Health Foundation that all funds expended by the Alaska Health Foundation are to be used for the purpose of improving health and wellness of Alaskans and to enhance existing health and wellness resources. Funds provided by the Alaska Health Foundation should not, except in cases of temporary emergency, be used to supplant funds that are or should otherwise be available from other sources.

Section ~~1.02.1.03.~~ Impermissible Purposes. ~~The~~Each Foundation shall not expend, pledge, transfer or otherwise use Common Stock Proceeds in furtherance of the following:

(a) activities that, within the meaning of the ~~Internal Revenue Code of 1986, as amended (the "Code")~~Code, would be lobbying, the carrying on of propaganda or otherwise attempting to influence legislation; provided, however, that in the event the Articles of Incorporation of either Foundation are amended with the prior written consent of the respective Attorney General to allow lobbying activities, then nothing in this Agreement shall prevent the Foundations from engaging in lobbying activities as specifically allowed for under the purposes provisions in the Articles of Incorporation of each Foundation as so amended provided that in no event may Common Stock Proceeds be used for such lobbying activities;

(b) any political campaign on behalf of (or in opposition to) any candidate for public office; or

(c) activities, programs or initiatives that likely would result in material adverse changes in the operations of entities engaged in the business of providing coverage of or the administration of health benefits, including, without limitation, any health insurer, health ~~care service contractor, hospital and medical service corporation, health~~ carrier, health maintenance organization, health care service contractor, or health plan in Washington or Alaska ~~(collectively, "Health Insurers")~~.

Further, ~~the~~each Foundation shall not expend, transfer or otherwise use any of its assets from any source whatsoever in furtherance of activities, programs or initiatives described in subparagraphs (b) and (c) of this Section.

ARTICLE II

~~DISBURSEMENTS OF PROCEEDS~~

~~Section 2.01. Allocation of Disbursements. Subject to the provisions set forth in Section 2.04 of this Agreement (“Board Discretion”), [] ()% of the Common Stock Proceeds shall be distributed primarily for the benefit of the residents of Alaska (the “Alaska Proceeds”) and [] ()% of the Common Stock Proceeds shall be distributed primarily for the benefit of the residents of Washington (the “Washington Proceeds”); notwithstanding the foregoing, a portion of the Common Stock Proceeds may be retained by the Foundation to defray its reasonable direct administrative expenses.~~

~~Section 2.02. Disbursements. Subject to the provisions set forth in Section 2.04 of this Agreement (“Board Discretion”) and the Indemnification Agreement, disbursements of Alaska Proceeds shall be made to the [Alaska Charitable Organization], an Alaska nonprofit corporation, (the “Alaska Charitable Organization”) and disbursements of Washington Proceeds shall be made to the [Washington Charitable Organization], a Washington nonprofit corporation, (the “Washington Charitable Organization”) each time the Foundation sells the Common Stock and such disbursements shall occur within [thirty (30)] days after such sale.~~

~~Section 2.03. Manner of Making Disbursements.~~

~~(a) All disbursements of Alaska Proceeds to the Alaska Charitable Organization shall be made via wire transfer of immediately available funds to the following account of the Alaska Charitable Organization or such other account as the Alaska Charitable Organization shall direct by providing written notice pursuant to Section 6.02 of this Agreement: _____.~~

~~(b) All disbursements of Washington Proceeds to the Washington Charitable Organization shall be made via wire transfer of immediately available funds to the following account of the Washington Charitable Organization or such other account as the Washington Charitable Organization shall direct by providing written notice pursuant to Section 6.02 of this Agreement: _____.~~

~~Section 2.04. Board Discretion. The Foundation's Board of Directors shall have the discretion to refrain from making a distribution of:~~

GRANTS AND LOANS

~~(a) Alaska Proceeds, if the Alaska Charitable Organization (i) has dissolved; (ii) fails to maintain its tax-exempt status under Section 501(c)(3) of the Code; (iii) has amended, altered or repealed Article III ("Purposes and Powers"), Article IV ("Limitations"), Article V ("Members"), Article IX ("Bylaws") or Article X ("Amendments") of its Articles of Incorporation or otherwise amended its Articles of Incorporation so as to materially alter its purposes or structure; (iv) has amended, altered or repealed Article III ("Board of Directors"), Section 4.7 ("Quorum"), Section 4.8 ("Manner of Acting"), Section 4.11 ("Observation Rights"), Article V ("Actions By Unanimous Consent in Lieu of Meeting"), or Section 9.6 ("Amendment of Bylaws") of its Bylaws; or (v) is operating in a manner inconsistent with its charitable purposes or in violation of the restrictions set forth in Article I hereof. If the Board of Directors of the Foundation refrains from making a distribution of Alaska Proceeds to the Alaska Charitable Organization based on the foregoing, then such Alaska Proceeds shall be distributed to one or more Alaska nonprofit corporations recognized as exempt from taxation under Section 501(c)(3) of the Code, and that commit in writing to use such funds exclusively to accomplish the purposes described in Section 1.01 of this Agreement and subject to the limitations described in Section 1.02 of this Agreement.~~

Section 2.01. Grants and Loans to the Foundations. Following the last of the applicable approvals from the Washington State Insurance Commissioner, the Washington Attorney General and the Alaska Director of Insurance in the matter of the Application regarding the Conversion and Acquisition of Control of Premera Blue Cross and its Affiliates, Docket Number G 02-45 as set forth in Section 4.3 of the Plan of Conversion (the "Approval Date"), but subject to the terms and conditions of this Section 2.01, PBC agrees to: (i) make grants to the Washington Foundation Shareholder and the Alaska Health Foundation up to Two Hundred Fifty Thousand Dollars (\$250,000) each, with payments in one or more installments from time to time during the Pre-IPO Period (as defined below) to be used exclusively for the payment or reimbursement of reasonable out-of-pocket expenses incurred by the Washington Foundation Shareholder and the Alaska Health Foundation, respectively (which could include possible lobbying activities allowed under section 1.03(a)) pursuant to the Budgets (as defined below) (collectively, the "Grants"); and (ii) loan the Washington Foundation and the Alaska Foundation up to Two Hundred Fifty Thousand Dollars (\$250,000) each in one or more installments during the Pre-IPO Period (the "Loans") to further provide for such expenses. As a condition precedent to PBC making the Grant and the Loan to each Foundation, each Foundation shall submit to PBC and New PREMERA Corp. a proposed operating budget (the "Budgets") for the period from the Approval Date until the first offering in which securities of New PREMERA Corp. are sold to an underwriter for reoffering to the public pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "IPO" and such period from the Approval Date to the IPO, the "Pre-IPO Period"), such Budgets to include anticipated operating expenses for the Pre-IPO Period, including, without limitation, administration fees, legal fees, accounting and financial advisory fees, office expenses, expenses related to the maintenance of personnel (including the board of directors, if compensated), and possible lobbying activity expenses if

allowed under section 1.03(a) (collectively, the “Operating Expenses”) of each Foundation. Each Loan shall be evidenced by a promissory note from the respective Foundation in favor of PBC or its assigns in the amount of the Loan in the form of Exhibits B-1 and B-2, respectively, attached hereto (the “Notes”). The Loans shall bear no interest and shall be non-recourse, payable solely from the proceeds each Foundation receives by selling shares of New PREMIERA Corp. Common Stock in the IPO. The Notes shall be repaid concurrently with the closing of the IPO (or, if the Foundation does not participate in the IPO as a selling shareholder, the first offering in which the Foundation participates as a selling shareholder) by deduction of the principal outstanding under each Note from the amount of proceeds of such IPO (or subsequent offering) that would otherwise be payable to such Foundation as a selling shareholder. Each Foundation also shall transfer to New PREMIERA Corp. any Grant funds not used for expenses incurred pursuant to such Foundation’s Budget.

~~—— (b) — Washington Proceeds, if the Washington Charitable Organization (i) has dissolved; (ii) fails to maintain its tax-exempt status under Section 501(c)(3) of the Code; (iii) has amended, altered or repealed Article III (“Purposes and Powers”), Article IV (“Limitations”), Article V (“Members”), Article IX (“Bylaws”) or Article X (“Amendments”) of its Articles of Incorporation or otherwise amended its Articles of Incorporation so as to materially alter its purposes or structure; (iv) has amended Article III (“Board of Directors”), Section 4.7 (“Quorum”), Section 4.8 (“Manner of Acting”), Section 4.11 (“Observation Rights”), Article V (“Actions By Unanimous Consent in Lieu of Meeting”), or Section 9.6 (“Amendment of Bylaws”) of its Bylaws; or (v) is operating in a manner inconsistent with its charitable purposes or in violation of the restrictions set forth in Article I hereof. If the Board of Directors of the Foundation refrains from making a distribution of Washington Proceeds to the Washington Charitable Organization based on the foregoing, then such Washington Proceeds shall be distributed to one or more Washington nonprofit corporations recognized as exempt from taxation under Section 501(c)(3) of the Code, and that commit in writing to use such funds exclusively to accomplish the purposes described in Section 1.01 of this Agreement and subject to the limitations described in Section 1.02 of this Agreement.~~

ARTICLE III

OTHER CONDITIONS

Section 3.01. No Amendments. ~~The~~Each Foundation acknowledges the importance of the structure and content of its governing documents to the nature of its receipt of proceeds from the liquidation of PREMERA and accordingly ~~the~~each Foundation agrees that so long as it holds the Common Stock or the proceeds of sale thereof, it shall not (i) amend, alter or repeal ~~Article I (“Name”), Article II (“Duration”), Article III (“Purposes and Powers”), Article IV (“Limitations”), Article V (“Members”), Article VI (“Directors”), Article IX (“Bylaws”), Article X (“Amendment”), Article XII (“Dissolution”) of its Articles of Incorporation or otherwise amend its Articles of Incorporation so as to materially alter its purposes or structure (other than to change its Registered Office or Agent) or its Bylaws without (A) the affirmative vote of three-fourths (3/4) of the members of its Board of Directors then in office and (B) advance written approval of the Alaska or Washington Attorney General, as applicable; or (ii) amend, alter or repeal ~~Article III (“Board of Directors”), Section 4.7 (“Quorum”), Section 4.8 (“Manner of Acting”), Section 4.11 (“Observation Rights”), Article V (“Actions by Unanimous Consent in Lieu of Meeting”), or Section 9.6 (“Amendment of Bylaws”) of its Bylaws without New PREMERA Corp.’s prior written consent~~Articles of Incorporation to be inconsistent with the purpose of promoting the health of the residents of the State of Washington or Alaska, as applicable.~~

Section 3.02. Distribution of Common Stock Proceeds Requirements. Before ~~the~~either Foundation distributes any Common Stock Proceeds to ~~the Alaska Charitable Organization, the Washington Charitable Organization or other~~any organization exempt from taxation under Section 501(c)(3) of the Code (collectively, “Charitable Organizations”), ~~the~~each Foundation will enter into ~~an~~a grant agreement with the applicable Charitable Organization that:

(a) requires that such proceeds received from the Foundation be expended, pledged, transferred and used only in furtherance of the purposes set forth in Section ~~1.01~~1.02 of this Agreement and subject to the limitations set forth in Section ~~1.02~~1.03 of this Agreement;

(b) provides the Foundation with the right to injunctive relief to enforce its rights under such agreement;

(c) ~~provides that the Foundation shall assign its~~ recognizes that the Alaska and Washington Attorney General, as applicable, have a right to pursue injunctive relief and that New PREMERA Corp. is a third-party beneficiary and has a right to pursue injunctive relief to enforce the terms of such agreement ~~to New PREMERA Corp.; and~~ ;

(d) requires such Charitable Organization to provide the Foundation at least annually with a summary of the charitable programs and activities supported by the Common Stock Proceeds ;

(e) _____ recognizes the requirement that the Charitable Organization maintain its Section 501(c)(3) status under the Code; and

(f) _____ provides the Foundation with a right to audit its Charitable Organization activities as consistent with the grant agreement.

~~Section 3.03. Assignment of Right to Injunctive Relief. If the Foundation, at any time in the reasonable judgment of New PREMERA Corp., fails to enforce its right to injunctive relief pursuant to any agreement described in Section 3.02, the Foundation shall promptly, but in no event later than ten (10) days after receipt of written notice thereof from New PREMERA Corp., assign such enforcement rights to New PREMERA Corp.~~

Section ~~3.04~~3.03. Record Maintenance and Inspection. ~~The~~Each Foundation agrees to maintain adequate records to enable expenditure of the proceeds from the sale of the Common Stock and distribution of proceeds to the Charitable Organizations to be easily confirmed. ~~The~~Each Foundation will make its books and records available for inspection by ~~[New PREMERA Corp.]~~the Alaska and Washington Attorneys General respectively at reasonable times and permit ~~[New PREMERA Corp.]~~the Alaska and Washington Attorneys General to monitor and conduct an evaluation of operations ~~under this Agreement, which may include a visit by [New PREMERA Corp.] personnel to observe the Foundation's activities, a discussion of such activities with the Foundation's Board of Directors, agents or employees, and a review of financial and other records connected with this Agreement~~of the Alaska Health Foundation and Washington Foundation Shareholder, respectively, under this Agreement.

Section ~~3.05~~3.04. Distribution on Dissolution. Upon the winding up and dissolution of ~~either of the Foundation~~Foundations, the assets of ~~the~~such Foundation remaining after payment of, or provision for payment of, all debts and liabilities of ~~the~~such Foundation, shall be distributed as follows:

(a) ~~[_____()]% of the assets of the Foundation's remaining assets (the "Alaska Assets") shall be distributed to the Alaska Charitable Organization, provided that none of the events specified in Section 2.04(a)(i) through (v) of this Agreement has occurred. If one or more of the events specified in Section 2.04(a)(i) through (v) has occurred, then the Alaska Assets shall be distributed to one or more Alaska nonprofit corporations recognized as exempt under Section 501(c)(3) of the Code, and used exclusively to accomplish the purposes described in Section 1.01 of this Agreement and subject to the limitations described in Section 1.02 of this Agreement.~~ (b) ~~_____ [_____()]% of the Foundation's remaining assets (the "Washington Assets") shall be distributed to the Washington Charitable Organization, provided that none of the events specified in Section 2.04(b)(i) through (v) of this Agreement has occurred. If one or more of the events specified in Section 2.04(b)(i) through (v) has occurred, then the Washington Assets shall be distributed to one or more Washington~~ Any amounts remaining after paying or providing for all liabilities in the Alaska Health Foundation shall be distributed to one or more nonprofit corporations located in the State of Alaska recognized as exempt under Section 501(c)(3) of the Code, and ~~used~~approved by the Alaska Attorney General for use exclusively to accomplish the

purposes described in Section ~~1.01~~1.02.2 of this Agreement and subject to the limitations described in Section ~~1.02~~1.03 of this Agreement .

(b) Any amounts remaining after paying or providing for all liabilities in the Washington Foundation Shareholder shall be distributed to one or more nonprofit corporations located in the State of Washington recognized as exempt under Section 501(c)(3) of the Code, and approved by the Washington Attorney General for use exclusively to accomplish the purposes described in Section 1.02.1 of this Agreement and subject to the limitations described in Section 1.03 of this Agreement.

ARTICLE IV

FOUNDATION REPRESENTATIONS AND WARRANTIES

~~The~~Each Foundation hereby represents and warrants to PREMERA and [New PREMERA Corp.] that:

(a) the Foundation is a nonprofit corporation duly organized, ~~and~~ validly existing and in good standing under the laws of the State of Washington and State of Alaska, respectively;

(b) the Foundation has ~~been recognized by the Internal Revenue Service as exempt from federal taxation under Section 501(c)(4) of the Code;~~(c) ~~the Foundation has~~ the corporate power to execute, deliver and perform its obligations under this Agreement;

(~~d~~c) the Foundation has authorized the execution, delivery and performance of its obligations under this Agreement by all necessary corporate action;

(~~e~~d) the Foundation has duly executed and delivered this Agreement;

(~~f~~e) the execution and delivery by the Foundation of this Agreement and the performance by the Foundation of its obligations hereunder (i) do not violate its articles of incorporation or bylaws and (ii) do not breach or result in a default under any agreement to which the Foundation is a party;

(~~g~~f) the Foundation has not (i) amended, altered or repealed its Articles of Incorporation; or (ii) amended, altered or repealed its Bylaws except as permitted in this Agreement; and

(~~h~~g) as of the Effective Date of this Agreement, the Foundation is not in breach of its obligations hereunder.

ARTICLE V

TERM AND TERMINATION

This Agreement shall be effective upon the ~~issuance of the Common Stock to the Foundation pursuant to PREMERA's Plan of Distribution~~Approval Date (the "Effective Date") and shall terminate as to each Foundation when ~~the~~such Foundation ceases to own any ~~of New PREMERA Corp.'s~~ Common Stock and has distributed all of the ~~proceeds from the sale of the~~ Common Stock Proceeds; provided that Sections 1.02 and 1.03, Sections 3.01 through 3.04 and Section 1.026.05 of this Agreement shall survive termination of this Agreement. Upon the occurrence of the foregoing, ~~the~~such Foundation agrees to provide, pursuant to Section 6.02 of this Agreement: (a) notice that the Foundation has ceased to own any shares of the Common Stock and has distributed all of the ~~proceeds from the sale of the~~ Common Stock Proceeds and income thereon as invested and reinvested; (b) a final accounting of all funds received and all funds disbursed; and (c) a summary of charitable activities supported by ~~the~~such Foundation's disbursements of Common Stock Proceeds to Charitable Organizations.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties and each and all of their respective heirs, executors, administrators, successors and assigns.

Section 6.02. Notices. All notices, consents, requests, demands and other communications hereunder shall be in writing, and shall be deemed to have been duly given or made: (a) when delivered in person, (b) three (3) days after deposited in the United States mail, first class postage prepaid, (c) in the case of telegraph or overnight courier services, one (1) business day after delivery to the telegraph company or overnight courier service with payment provided, or (d) in the case of telex or telecopy or fax, when sent, verification received; in each case addressed as follows:

- (i) if to ~~PREMERA:~~the Washington Foundation Shareholder:

Attention:

Facsimile:

- (ii) if to the Alaska Health Foundation:

Attention:
Facsimile:

(iii) if to the Washington Attorney General:

Attention:
Facsimile:

(iv) if to the Alaska Attorney General:

Attention:
Facsimile:

(v) if to PREMERA
– or Premera Blue Cross:

PREMERA
P.O. Box 327
Mail Stop 316

Seattle, Washington 98111

Attention: John P. Domeika,

Senior Vice President and General Counsel

Facsimile: (425) 670-5267

with a copy to:

Preston Gates & Ellis LLP
~~701 5th~~
925 Fourth Avenue, Suite ~~5000~~
~~–2900~~
Seattle, Washington 98104

Attention: C. Kent Carlson
Facsimile: (206) 623-7022

and

Sullivan & Cromwell

125 Broad Street
New York, New York 10004
Attention: William D. Torchiana
Facsimile: (212) 558-3588

(~~h~~vi) if to [New PREMERA Corp.]:

[New PREMERA Corp.]

P.O. Box 327
Mail Stop 316

Seattle, Washington 98111

Attention: John P. Domeika,

Senior Vice President and General Counsel

Facsimile: (425) 670-5267

with a copy to:

Preston Gates & Ellis LLP
~~701 5th~~
925 Fourth Avenue, Suite ~~5000~~
~~-2900~~
Seattle, Washington 98104

Attention: C. Kent Carlson
Facsimile: (206) 623-7022

and

Sullivan & Cromwell

125 Broad Street

New York, New York 10004
Attention: William D. Torchiana
Facsimile: (212) 558-3588

~~(iii) if to the Foundation:~~

Attention: _____

Facsimile: _____

with a copy to:

Attention: _____

Facsimile: _____

Section 6.03. Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, without regard to Washington's conflict of law or choice of law rules. The parties irrevocably submit to the exclusive jurisdiction of the state and federal courts situated in King County, Washington in any proceeding relating to this Agreement, and agree that any process or summons in any such action may be served by providing to the party a copy thereof in accordance with the notice provisions of this Agreement.

Section 6.04. Attorneys' Fees. In the event of any suit or other proceeding between the ~~Members and the Foundation~~ parties hereto with respect to the subject matter hereof, the prevailing party shall, in addition to such other relief as the court may award, be entitled to recover reasonable attorneys' fees, expenses and costs of investigation, all as actually incurred, including, without limitation, attorneys' fees, costs and expenses of investigation incurred in appellate proceedings or in any action or participation in, or in connection with, any case or proceeding under Chapters 7, 11 and 13 of the United States Bankruptcy Code or any successor thereto.

Section 6.05. Injunctions; Specific Performance. Each party hereto acknowledges and agrees that the rights and obligations set forth in this Agreement are unique and of such a nature as to be inherently difficult or impossible to value monetarily and irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or were otherwise breached. Therefore, each party hereto, as well as the Alaska and Washington Attorneys General as to the Alaska Health Foundation and Washington Foundation Shareholder respectively, shall be entitled to an injunction or injunctions to prevent

breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court having jurisdiction, such remedy being in addition to any other remedy to which such party may be entitled at law or in equity.

Section 6.06. ~~Fair Construction. This Agreement is the product of negotiation and shall be deemed to have been drafted by all of the parties. It shall be construed in accordance with the fair meaning of its terms and its language shall not be strictly construed against, nor shall ambiguities be resolved against, any particular party.~~ Section 6.07. Amendments and Waivers.

No amendment, modification, supplement, termination, consent or waiver of any provision of this Agreement, and no consent to any departure herefrom, shall in any event be effective unless the same is in writing and is signed by the party against whom enforcement of the same is sought. Any waiver of any provision of this Agreement and any consent to any departure from the terms of any provision of this Agreement shall be effective only in the specific instance and for the specific purpose for which given. No delay on the part of any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, no waiver on the part of any party hereto of any right, power or privilege hereunder shall operate as a waiver of any other right, power, or privilege hereunder, and no single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. The waiver or consent (whether express or implied) by any party of the breach of any term or condition of this Agreement shall not prejudice any remedy of any other party in respect of any continuing or other breach of the terms and conditions hereof, and shall not be construed as a bar to any right or remedy which any party would otherwise have on any future occasion under this Agreement.

Section ~~6.08-6.07.~~ Entire Agreement. This Agreement, including any exhibits or attachments referred to herein, together with ~~the each~~ Foundation's ~~articles of incorporation and bylaws~~ Articles of Incorporation and Bylaws and other Transaction Documents, contain the entire agreement between the parties hereto regarding the subject matter hereof and may not be amended, altered or modified except by a writing signed by the parties hereto. This Agreement supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof, all of which are specifically integrated into this Agreement; provided that this Agreement shall not be interpreted as superseding any of the other Transaction Documents or provisions in the Plan of Conversion. No party hereto shall be bound by or charged with any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings, express or implied, not specifically set forth herein or in the Transaction Documents or provisions in the Plan of Conversion; and the parties hereto further acknowledge and agree that in entering into this Agreement they have not in any way relied and will not rely in any way on any of the foregoing not specifically set forth herein or in the Transaction Documents or provisions in the Plan of Conversion.

Section ~~6.09-6.08.~~ Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section ~~6.10~~6.09. Descriptive Headings. The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

Section ~~6.11~~6.10. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, shall be held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all remaining provisions contained herein shall not be in any way impaired thereby.

~~[Remainder of this page left intentionally blank.]~~

IN WITNESS WHEREOF, the parties have executed this Agreement as of
_____, 200__.

WASHINGTON FOUNDATION
SHAREHOLDER]

By _____
Name _____
Title _____

[ALASKA HEALTH FOUNDATION]

By _____
Name _____
Title _____

[PREMERA]

By: _____

Name: _____

Title: _____

[New PREMERA Corp.]

By: _____

Name: _____

Title: _____

New PREMERA Corp.

~~[FOUNDATION~~ _____ ~~SHAREHOLDER]~~

~~By:~~ _____

By

~~Name:~~ _____

~~Title:~~ _____

EXHIBIT A

THE TRANSACTION DOCUMENTS

[BCBSA License Agreement](#)

[Excess Share Escrow Agent Agreement](#)

[Unallocated Shares Escrow Agreement](#)

[New PBC Guaranty Agreement](#)

[PBC-AK Guaranty Agreement](#)

[Intellectual Property License Agreement](#)

[Intercompany Services and Cost Allocation Agreement](#)

[Intercompany Tax Sharing Agreement](#)

[LifeWise/New LifeWise Transfer of Assets Agreement](#)

[New Premera Blue Cross/New Premera Blue Cross of Alaska Management Agreement](#)

[Premera Blue Cross/New Premera Blue Cross Transfer of Assets Agreement](#)

[Premera Blue Cross/New Premera of Alaska Transfer of Assets Agreement](#)

[New PBC/PREMERA Transfer of Shares Agreement](#)

[Premera Blue Cross Plan of Reorganization and Plan of Distribution](#)

[PREMERA/New PREMIER Transfer of Assets Agreement](#)

[PREMER Plan of Reorganization and Plan of Distribution](#)

[Quality Solutions/New Quality Solutions Transfer of Assets Agreement](#)

[Registration Rights Agreement](#)

[Voting Trust and Divestiture Agreements](#)

[Plan of Conversion \(including the Form A\)](#)

EXHIBIT B-1

FORM OF WASHINGTON FOUNDATION SHAREHOLDER PROMISSORY NOTE

\$250,000

[insert date]

FOR VALUE RECEIVED, the undersigned promises to pay to the order of [PREMERA BLUE CROSS], a Washington nonprofit corporation or assigns (the “Holder”), at 7001 220th St. SW, Mountlake Terrace, WA 98043-2124, or at such other places as the Holder may designate from time to time in writing, the principal sum of Two Hundred Fifty Thousand Dollars (\$ 250,000), or, if less, the aggregate unpaid principal amount of all funds loaned by Holder to the undersigned pursuant to Section 2.01 of the Transfer, Grant and Loan Agreement by and between PREMERA, a Washington nonprofit miscellaneous corporation, New PREMERA Corp., the Alaska Health Foundation, an Alaska nonprofit corporation, and the undersigned (the “Transfer Agreement”) dated as of _____, 200_, until the unpaid principal balance of such advance is paid in full; provided that such obligation shall be non-recourse, payable solely from the proceeds the undersigned receives by selling shares of New PREMERA Corp. Common Stock in the IPO (as defined in Section 2.01 of the Transfer Agreement). The undersigned promises to repay the principal balance promptly upon receipt of its IPO proceeds. The original issue date of this Note is _____, _____.

The aggregate outstanding principal balance evidenced hereby, as provided for in the Transfer Agreement, shall be payable by the undersigned in accordance with the terms set forth in Section 2.01 of the Transfer Agreement.

The undersigned hereby waives demand, diligence, presentation for payment, notice of non-payment, protest, notice of dishonor and notice of protest, notice of intent to accelerate and notice of acceleration and specifically consents to, and waives notice of, any renewals or extensions of this Note, whether made to or in favor of the undersigned or any other person or persons and hereby waives any defense by reason of extension of time for payment or other indulgence granted by Holder. No single or partial exercise by Holder, or delay or omission in the exercise by Holder of any right or remedy under this Note or the Transfer Agreement shall preclude, waive or limit any other or further exercise thereof or the exercise of any other right or remedy.

For purposes of determining the amounts, which may from time to time be owing by the undersigned to the Holder, the receipt of any check or any other item of payment by the Holder shall not be treated as a payment on account of this Note until such check or other item of payment is actually paid in cash or immediately available funds.

Whenever in this Note there is reference made to either the Holder or the undersigned, such reference shall be deemed to include, as applicable, a reference to the successors and permitted assigns, including, without limitation, a receiver, trustee or debtor in possession, of or for such party. The provisions of this Note shall be binding upon and shall inure to the benefit of such successors and assigns, or heirs, executors and administrators, as applicable. Notwithstanding the foregoing, the undersigned may not assign any rights or interests it may

have hereunder to any person or entity without the prior written consent of the Holder which may be withheld in the absolute discretion of the Holder.

In the event of any action to enforce any provision of this Note, or on account of any default under this Note, the prevailing party in such action shall be entitled to recover from the other party, in addition to all other relief, all reasonable attorneys' fees incurred by the prevailing party in connection with such action including, but not limited to, any appeal thereof and including, but not limited to any bankruptcy or arbitration proceeding.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Washington.

[WASHINGTON FOUNDATION
SHAREHOLDER], a Washington nonprofit
corporation

By _____
Its _____

EXHIBIT B-2

FORM OF ALASKA HEALTH FOUNDATION PROMISSORY NOTE

\$250,000

[insert date]

FOR VALUE RECEIVED, the undersigned promises to pay to the order of [PREMERA BLUE CROSS], a Washington nonprofit corporation or assigns (the “Holder”), at 7001 220th St. SW, Mountlake Terrace, WA 98043-2124, or at such other places as the Holder may designate from time to time in writing, the principal sum of Two Hundred Fifty Thousand Dollars (\$250,000), or, if less, the aggregate unpaid principal amount of all funds loaned by Holder to the undersigned pursuant to Section 2.01 of the Transfer, Grant and Loan Agreement by and between PREMERA, a Washington nonprofit miscellaneous corporation, New PREMERA Corp., the Washington Foundation Shareholder, a Washington nonprofit corporation, and the undersigned (the “Transfer Agreement”) dated as of _____, 200_, until the unpaid principal balance of such advance is paid in full; provided that such obligation shall be non-recourse, payable from the proceeds the undersigned receives by selling shares of New PREMERA Corp. Common Stock in the IPO (as defined in Section 2.01 of the Transfer Agreement). The undersigned promises to repay the principal balance promptly upon receipt of its IPO proceeds. The original issue date of this Note is _____.

The aggregate outstanding principal balance evidenced hereby, as provided for in the Transfer Agreement, shall be payable by the undersigned in accordance with the terms set forth in Section 2.01 of the Transfer Agreement.

The undersigned hereby waives demand, diligence, presentation for payment, notice of non-payment, protest, notice of dishonor and notice of protest, notice of intent to accelerate and notice of acceleration and specifically consents to, and waives notice of, any renewals or extensions of this Note, whether made to or in favor of the undersigned or any other person or persons and hereby waives any defense by reason of extension of time for payment or other indulgence granted by Holder. No single or partial exercise by Holder, or delay or omission in the exercise by Holder of any right or remedy under this Note or the Transfer Agreement shall preclude, waive or limit any other or further exercise thereof or the exercise of any other right or remedy.

For purposes of determining the amounts, which may from time to time be owing by the undersigned to the Holder, the receipt of any check or any other item of payment by the Holder shall not be treated as a payment on account of this Note until such check or other item of payment is actually paid in cash or immediately available funds.

Whenever in this Note there is reference made to either the Holder or the undersigned, such reference shall be deemed to include, as applicable, a reference to the successors and permitted assigns, including, without limitation, a receiver, trustee or debtor in possession, of or for such party. The provisions of this Note shall be binding upon and shall inure to the benefit of such successors and assigns, or heirs, executors and administrators, as applicable. Notwithstanding the foregoing, the undersigned may not assign any rights or interests it may

have hereunder to any person or entity without the prior written consent of the Holder which may be withheld in the absolute discretion of the Holder.

In the event of any action to enforce any provision of this Note, or on account of any default under this Note, the prevailing party in such action shall be entitled to recover from the other party, in addition to all other relief, all reasonable attorneys' fees incurred by the prevailing party in connection with such action including, but not limited to, any appeal thereof and including, but not limited to any bankruptcy or arbitration proceeding.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Alaska.

[ALASKA HEALTH FOUNDATION], an
Alaska nonprofit corporation

By _____
Its _____

